



## Insurance is covering criminality

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Valid motor insurance is proving to be as valuable a disguise for today's criminals as stockings over the head or a mask was years ago.



Using a stolen identity to take out cover, their vehicle details are added to the Motor Insurance Database, allowing them to drive around without attracting police attention.



Stealing an individual's ID and taking out motor insurance in their name used to be the preferred modus operandi.

But, as the insurance industry has clamped down on this, the criminals have shifted their focus to the commercial lines market, with fleet and motor trade providing a new target.

It's easy to see why. With a company's ID, the fraudster can have a fleet of vehicles insured, including any cars and vans they use to commit other crimes such as robbery, drug running and people smuggling.

And, just as an individual might be oblivious to the fact that their identity has been stolen until they receive unexpected insurance documents or the police knock on the door, the same is true for businesses. Often the first they know is when they see activity on their insurance account that doesn't tie up with how they've been running their fleet.

This crime affects innocent insurance customers but also society more broadly. As well as the criminal activity they can undertake in a legitimate vehicle, a stolen identity could be used to open business bank accounts, giving them fantastic cover to launder money.

To stamp it out, and avoid the fraudsters simply switching to other insurers, it's essential that the industry works together. Deploying technology at point of sale and inception to detect instances of stolen identity can help, with big data invaluable in the fight against fraud.

But there are additional challenges in commercial lines. As an example, on both fleet and to an even greater degree motor trade policies, vehicles can be bought and sold quickly making it difficult to identify suspicious activity.

With so much commercial lines business arranged through brokers, they are the industry's first line of defence. Having a robust validation and verification process is a must.

The fraudsters go to extraordinary lengths to look like a legitimate business, buying fake



documentation online and setting up websites and emails to avoid detection. As well as checking fraud databases, sometimes a good, old-fashioned phone call to the company is necessary to validate the application.

Insurers can help. Where a broker has any suspicions, we have the resources to dig deeper. Even where the suspicions have led to the applicant being declined, still tell us. This enables the information to be shared, making it more difficult for the fraudster to take out a policy somewhere else.

Additional support is also being introduced. The Insurance Fraud Bureau is launching its Insurance Fraud Intelligence hub (IFihub), enabling more information on potential fraudsters to be shared across the industry. It's an important tool and Allianz is one of the first to sign up to it.

This type of industry collaboration is important when it comes to tackling all types of crime that prey on the insurance market. For example, last month we organised a roundtable event on plant hire theft, bringing together around 40 stakeholders and setting up a steering group to tackle this crime together.

Fraud is a major headache for the insurance industry. While stolen business identities may be the current irritation, by working together the industry can ensure the right checks and intelligence sharing initiatives are in place to foil the fraudsters' plans, however they may change. Making it tougher for the criminals, while protecting innocent policyholders and society as a whole, is an important objective for the industry.